

GOVERNMENT CODE
TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA
DIVISION 4. FISCAL AFFAIRS
PART 7. STATE-MANDATED LOCAL COSTS
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GOVERNMENT CODE
TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA
DIVISION 4. FISCAL AFFAIRS
PART 7. STATE-MANDATED LOCAL COSTS
CHAPTER 1. LEGISLATIVE INTENT

§ 17500. Legislative findings and declarations

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for the costs of state-mandated local programs has not provided for the effective determination of the state's responsibilities under Section 6 of Article XIII B of the California Constitution. The Legislature finds and declares that the failure of the existing process to adequately and consistently resolve the complex legal questions involved in the determination of state-mandated costs has led to an increasing reliance by local agencies and school districts on the judiciary and, therefore, in order to relieve unnecessary congestion of the judicial system, it is necessary to create a mechanism which is capable of rendering sound quasi-judicial decisions and providing an effective means of resolving disputes over the existence of state-mandated local programs. It is the intent of the Legislature in enacting this part to provide for the implementation of Section 6 of Article XIII B of the California Constitution. Further, the Legislature intends that the Commission on State Mandates, as a quasi-judicial body, will act in a deliberative manner in accordance with the requirements of Section 6 of Article XIII B of the California Constitution.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 2004, ch. 890 (A.B. 2856), § 2.)

CHAPTER 2. GENERAL PROVISIONS

§ 17510. Definitions; construction of part; singular tense including plural

Unless the context otherwise requires, the definitions contained in this chapter govern the construction of this part. The definition of a word applies to any variants thereof and the singular tense of a word includes the plural.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17511. City

“City” means any city whether general law or charter, except a city and county.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17512. Commission

“Commission” means the Commission on State Mandates.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17513. Costs mandated by the federal government

“Costs mandated by the federal government” means any increased costs incurred by a local agency or school district after January 1, 1973, in order to comply with the requirements of a federal statute or regulation. “Costs mandated by the federal government” includes costs resulting from enactment of a

state law or regulation where failure to enact that law or regulation to meet specific federal program or service requirements imposed upon the state would result in substantial monetary penalties or loss of funds to public or private persons in the state whether the federal law was enacted before or after the enactment of the state law, regulation, or executive order. “Costs mandated by the federal government” does not include costs which are specifically reimbursed or funded by the federal or state government or programs or services which may be implemented at the option of the state, local agency, or school district. (Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 2004, ch. 890 (A.B. 2856), § 3.)

§17514. Costs mandated by the state

“Costs mandated by the state” means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

(Added by Stats. 1984, ch. 1459, § 1.)

CODE OF REGULATIONS REFERENCES

Test claim filing, see 2 Cal. Code of Regs. § 1183.

§ 17514.5. (Repealed by Stats.1993, ch. 216 (A.B. 843), § 1.)

(The repealed section, added by Stats.1984, ch. 1459, § 1, defined the term “cost savings authorized by the state.”)

§ 17515. County

“County” means any chartered or general law county. “County” includes a city and county.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17516. Executive order

“Executive order” means any order, plan, requirement, rule, or regulation issued by any of the following:

- (a) The Governor.
- (b) Any officer or official serving at the pleasure of the Governor.
- (c) Any agency, department, board, or commission of state government.

“Executive order” does not include any order, plan, requirement, rule, or regulation issued by the State Water Resources Control Board or by any regional water quality control board pursuant to Division 7 (commencing with Section 13000) of the Water Code. It is the intent of the Legislature that the State Water Resources Control Board and regional water quality control boards will not adopt enforcement orders against publicly owned dischargers which mandate major waste water treatment facility construction costs unless federal financial assistance and state financial assistance pursuant to the Clean Water Bond Act of 1970 and 1974, is simultaneously made available. “Major” means either a new treatment facility or an addition to an existing facility, the cost of which is in excess of 20 percent of the cost of replacing the facility.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17517. (Repealed by Stats. 2004, ch. 890 (A.B. 2856), § 4.)

(The repealed section, added by Stats. 1984, ch. 1459, § 1, related to “fund” defined as the State Mandates Claim Fund.)

§ 17517.5 Costs savings authorized by the state

“Cost savings authorized by the state” means any decreased costs that a local agency or school district realizes as a result of any statute enacted or any executive order adopted that permits or requires the discontinuance of or a reduction in the level of service of an existing program that was mandated before January 1, 1975.

(Added by Stats. 2004, ch. 890 (A.B. 2856), § 5.)

§ 17518. Local agency

“Local agency” means any city, county, special district, authority, or other political subdivision of the state.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17518.5 Reasonable reimbursement methodology

(a) “Reasonable reimbursement methodology” means a formula for reimbursing local agency and school district costs mandated by the state that meets the following conditions:

(1) The total amount to be reimbursed statewide is equivalent to total estimated local agency and school district costs to implement the mandate in a cost-efficient manner.

(2) For 50 percent or more of eligible local agency and school district claimants, the amount reimbursed is estimated to fully offset their projected costs to implement the mandate in a cost-efficient manner.

(b) Whenever possible, a reasonable reimbursement methodology shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs. In cases when local agencies and school districts are projected to incur costs to implement a mandate over a period of more than one fiscal year, the determination of a reasonable reimbursement methodology may consider local costs and state reimbursements over a period of greater than one fiscal year, but not exceeding 10 years.

(c) A reasonable reimbursement methodology may be developed by any of the following:

(1) The Department of Finance.

(2) The Controller.

(3) An affected state agency.

(4) A claimant.

(5) An interested party.

(Added by Stats. 2004, ch. 890 (A.B. 2856), § 6.)

§ 17519. School district

“School district” means any school district, community college district, or county superintendent of schools.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17520. Special district

“Special district” means any agency of the state that performs governmental or proprietary functions within limited boundaries. “Special district” includes a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area. “Special district” does not include a city, a county, a school district, or a community college district.

County free libraries established pursuant to Chapter 6 (commencing with Section 19100 of Part 11 of the Education Code, areas receiving county fire protection services pursuant to Section 25643 of the Government Code, and county road districts established pursuant to Chapter 7 (commencing with Section 1550) of Division 2 of the Streets and Highways Code shall be considered “special districts” for all purposes of this part.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 2004, ch. 890 (A.B. 2856), § 7; Stats. 2006, ch. 538 (S.B. 1852).)

§ 17521. Test claim

“Test claim” means the first claim filed with the commission alleging that a particular statute or executive order imposes costs mandated by the state.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1999, ch. 643 (A.B. 1679), § 2; Stats. 2004, ch. 890 (A.B. 2856), § 8.)

CODE OF REGULATIONS REFERENCES

Definitions, see 2 Cal. Code of Regs. § 1187.

Test claim filing, see 2 Cal. Code of Regs. § 1183.

§17522. Initial reimbursement claim; annual reimbursement claim; estimated reimbursement claim; entitlement claim

(a) “Initial reimbursement claim” means a claim filed with the Controller by a local agency or school district for costs to be reimbursed for the fiscal years specified in the first claiming instructions issued by the Controller pursuant to subdivision (b) of Section 17558.

(b) “Annual reimbursement claim” means a claim for actual costs incurred in a prior fiscal year filed with the Controller by a local agency or school district for which appropriations are made to the Controller for this purpose.

(c) “Estimated reimbursement claim” means a claim filed with the Controller by a local agency or school district in conjunction with an initial reimbursement claim, annual reimbursement claim, or at other times, for estimated costs to be reimbursed during the current or future fiscal years, for which appropriations are made to the Controller for this purpose.

(d) “Entitlement claim” means a claim filed by a local agency or school district with the Controller for the purpose of establishing or adjusting a base year entitlement. All entitlement claims are subject to Section 17616.

(Added by Stats. 1985, ch. 1534, § 1, eff. Oct. 2, 1985. Amended by Stats. 1986, ch. 879, § 1.7; Stats. 1992, ch. 1041 (A.B. 1690), § 1; Stats. 2004, ch. 890 (A.B. 2856), § 9.)

§ 17523. Deflator defined

“Deflator” means the Implicit Price Deflator for the Costs of Goods and Services to Governmental Agencies, as determined by the Department of Finance.

(Added by Stats. 1985, ch. 1534, § 2, eff. Oct. 2, 1985.)

§ 17524. Base year entitlement defined

“Base year entitlement” means that amount determined to be the average for the approved reimbursement claims of each local agency or school district for the three preceding fiscal years adjusted by the change in the deflator. A base year entitlement shall not include any nonrecurring or initial startup costs incurred by a local agency or school district in any of those three fiscal years. For those mandates which become operative on January 1 of any year, the amount of the “approved reimbursement claim” for the first of the three years may be computed by annualizing the amount claimed for the six-month period of January through June in that first year, excluding nonrecurring or startup costs.

(Added by Stats. 1985, ch. 1534, § 3, eff. Oct. 2, 1985.)

CHAPTER 3. COMMISSION ON STATE MANDATES

§ 17525. Creation; membership; term; per diem

(a) There is hereby created the Commission on State Mandates, which shall consist of seven members as follows:

- (1) The Controller.
- (2) The Treasurer.
- (3) The Director of Finance.
- (4) The Director of the Office of Planning and Research.
- (5) A public member with experience in public finance, appointed by the Governor and approved by the Senate.
- (6) Two members from the following three categories appointed by the Governor and approved by the Senate, provided that no more than one member shall come from the same category:
 - (A) A city council member.
 - (B) A member of a county or city and county board of supervisors.
 - (C) A governing board member of a school district as defined in Section 17519.

(b) Each member appointed pursuant to paragraph (5) or (6) of subdivision (a) shall be subject to both of the following:

- (1) The member shall serve for a term of four years subject to renewal.
- (2) The member shall receive per diem of one hundred dollars (\$100) for each day actually spent in the discharge of official duties and shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of duties as a member of the commission.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 179, § 4, eff. July 8, 1985, operative Jan. 1, 1985. Amended by Stats. 1996, ch. 154 (S.B. 805), § 1.)

§ 17526. Public meetings; executive sessions; frequency; time and place

(a) All meetings of the commission shall be open to the public, except that the commission may meet in executive session to consider the appointment or dismissal of officers or employees of the commission or to hear complaints or charges brought against a member, officer, or employee of the commission.

(b) The commission shall meet at least once every two months.

(c) The time and place of meetings may be set by resolution of the commission, by written petition of a majority of the members, or by written call of the chairperson. The chairperson may, for good cause, change the starting time or place, reschedule, or cancel any meeting.

(d) This section shall become operative on July 1, 1996.

(Added by Stats. 1995, ch. 945 (S.B. 11), § 3, operative July 1, 1996. Amended by Stats. 2003, ch. 228 (A.B. 1756), § 17, eff. Aug. 11, 2003; Stats. 2004, ch. 890 (A.B. 2856), § 10.)

(Derivation: Former § 17526, added by Stats. 1984, ch. 1459, § 1, was amended, prior to repeal, by Stats. 1995, ch. 945 (S.B. 11), § 2, became inoperative on July 1, 1996, and was repealed on Jan. 1, 1997.)

CODE OF REGULATIONS REFERENCES

Meetings, see 2 Cal. Code of Regs. § 1182.3.

Quorum, see 2 Cal. Code of Regs. § 1182.

§ 17527. Powers

In carrying out its duties and responsibilities, the commission shall have the following powers:

(a) To examine any document, report, or data, including computer programs and data files, held by any local agency or school district.

(b) To meet at times and places as it may deem proper.

(c) As a body or, on the authorization of the commission, as a committee composed of one or more members, to hold hearings at any time and place it may deem proper.

(d) Upon a majority vote of the commission, to issue subpoenas to compel the attendance of witnesses and the production of books, records, papers, accounts, reports, and documents.

(e) To administer oaths.

(f) To contract with other agencies or individuals, public or private, as it deems necessary, to provide or prepare services, facilities, studies, and reports to the commission as will assist it in carrying out its duties and responsibilities.

(g) To adopt, promulgate, amend, and rescind rules and regulations, which shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2.

(h) To do any and all other actions necessary or convenient to enable it fully and adequately to perform its duties and to exercise the powers expressly granted to it.

(Added by Stats. 1984, ch. 1459, § 1.)

CODE OF REGULATIONS REFERENCES

Commission on state mandates, test claims, see 2 Cal. Code of Regs. § 1183.

Dismissal of actions, see 2 Cal. Code of Regs. § 1188.31.

Dismissal of requests for amendments to parameters and guidelines, see 2 Cal. Code of Regs. § 1183.21.

Dismissal of test claims, see 2 Cal. Code of Regs. § 1183.09.

Hearings and decisions, see 2 Cal. Code of Regs. § 1187 et seq.

Meetings, scheduling, see 2 Cal. Code of Regs. § 1182.1 et seq.

Rulemaking and informational hearings, see 2 Cal. Code of Regs. § 1189 et seq.

§ 17528. Chairperson and vice chairperson

The members of the commission shall elect a chairperson and a vice chairperson of the commission.

(Added by Stats. 1984, ch. 1459, § 1.)

CODE OF REGULATIONS REFERENCES

Officers, duties and elections, see 2 Cal. Code of Regs. § 1181.4.

§ 17529. Attorney to commission; appointment; powers and duties

The commission may appoint as attorney to the commission an attorney at law of this state, who shall hold office at the pleasure of the commission. The attorney shall represent and appear for the commission in all actions and proceedings involving any question under this part or under any order or act of the commission. The attorney shall advise the commission and each member of the commission, when so requested, in regard to all matters in connection with the powers and duties of the commission and the members thereof. The attorney shall generally perform all duties and services as attorney to the commission which the commission may require.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17530. Executive director; appointment; term; powers and duties

The commission shall appoint an executive director, who shall be exempt from civil service and shall hold office at the pleasure of the commission. The executive director shall be responsible for the executive and administrative duties of the commission and shall organize, coordinate, supervise, and direct the operations and affairs of the commission and expedite all matters within the jurisdiction of the commission. The executive director shall keep a full and true record of all proceedings of the commission, issue all necessary process, writs, warrants, and notices, and perform other duties as the commission prescribes.

(Added by Stats. 1984, ch. 1459, § 1.)

CODE OF REGULATIONS REFERENCES

Commission on state mandates, see 2 Cal. Code of Regs. § 1181 et seq.

Filing of written materials, see 2 Cal. Code of Regs. § 1181.2.

Submissions of written materials in other media, see 2 Cal. Code of Regs. § 1181.3.

Permanent record, see 2 Cal. Code of Regs. § 1182.3.

§ 17531. Officers and employees, etc.

The executive director may employ those officers, examiners, experts, statisticians, accountants, inspectors, clerks, and employees as the executive director deems necessary to carry out the provisions of this part or to perform the duties and exercise the powers conferred upon the commission by law.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17532. Quorum; investigation, inquiry or hearing; examiners; finding, opinion and order

A majority of the commissioners shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power of the commission. Any investigation, inquiry, or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner or commissioners designated for the purpose by the commission. The evidence in any investigation, inquiry, or hearing may be taken by the commissioner or commissioners to whom the investigation, inquiry, or hearing has been assigned or, in his or her or their behalf, by an examiner designated for that purpose. Every finding, opinion, and order made by the commissioner or commissioners so designated, pursuant to the investigation, inquiry, or hearing, when approved or confirmed by the commission and ordered filed in its office, shall be deemed to be the finding, opinion, and order of the commission.

(Added by Stats. 1984, ch. 1459, § 1.)

CODE OF REGULATIONS REFERENCES

Assignment to hearing panels/hearing officers, see 2 Cal. Code of Regs. § 1187.2.

Dismissal of actions, see 2 Cal. Code of Regs. § 1188.31.

Dismissal of requests for amendments to parameters and guidelines, see 2 Cal. Code of Regs. § 1183.21.

Dismissal of test claims, see 2 Cal. Code of Regs. § 1183.09.

Conduct of hearing, see 2 Cal. Code of Regs. § 1187.6.

Financial operations, commission on state mandates, reconsideration of a prior final decision, see 2 Cal. Code of Regs. § 1188.4.

Form of decision, see 2 Cal. Code of Regs. § 1188.2.

Hearings and decisions, see 2 Cal. Code of Regs. § 1187 et seq.

Questioning, see 2 Cal. Code of Regs. § 1189.5.

Quorum, see 2 Cal. Code of Regs. § 1182.

§ 17533. Administrative adjudication provisions; application to commission

Notwithstanding Section 11425.10, Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 does not apply to a hearing by the commission under this part.

(Added by Stats. 1995, ch. 938 (S.B. 523), § 55, operative July 1, 1997.)

(25 Cal.L.Rev.Comm. Reports 55 (1995): Section 17533 makes the general administrative adjudication provisions of the Administrative Procedure Act inapplicable to hearings of the Commission on State

Mandates under this part. Exemption of the agency's hearings from the Administrative Procedure Act does not exempt the hearings from the language assistance requirements of that act. Gov. Code § 11435.15(d).

Although Section 17533 is silent on the question, the formal hearing provisions of the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code) do not apply to proceedings of the Commission on State Mandates under this part. Cf. Gov. Code § 11501 (application of chapter). Nothing in Section 17533 excuses compliance with procedural protections required by due process of law.)

CHAPTER 4. IDENTIFICATION AND PAYMENT OF COSTS MANDATED BY THE STATE

ARTICLE 1. Commission Procedure

§ 17550. Reimbursement of local agencies and school districts

Reimbursement of local agencies and school districts for costs mandated by the state shall be provided pursuant to this chapter.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17551. Hearing and decision on claims

(a) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district that the local agency or school district is entitled to be reimbursed by the state for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

(b) Commission review of claims may be had pursuant to subdivision (a) only if the test claim is filed within the time limits specified in this section.

(c) Local agency and school district test claims shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.

(d) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 179, § 5, eff. July 8, 1985, operative Jan. 1, 1985; Stats. 1986, ch. 879, § 2; Stats. 2002, ch. 1124 (A.B. 3000), § 30.2, eff. Sept. 30, 2002; Stats. 2004, ch. 890 (A.B. 2856), § 11.)

(For operative effect of 1985 amendment, see Historical and Statutory Notes under Education Code § 42243.8 in West's California Codes. Amendment of this section by Stats. 1986, ch. 879, § 2.5, failed to become operative under the provisions of § 56 of that Act.)

CODE OF REGULATIONS REFERENCES

Action on proposed decision, see 2 Cal. Code of Regs. § 1188.1.

Definitions, hearings and decisions, see 2 Cal. Code of Regs. § 1187.

Financial operations, commission on state mandates, reconsideration of a prior final decision, see 2 Cal. Code of Regs. § 1188.4.

Form of decision, see 2 Cal. Code of Regs. § 1188.2.

Incorrect reduction claim filing, see 2 Cal. Code of Regs. § 1185.

Reinstatement of costs, see 2 Cal. Code of Regs. § 1185.1.

Representation at hearing, see 2 Cal. Code of Regs. § 1187.8.

Review of completed test claim and preparation of staff analysis, see 2 Cal. Code of Regs. § 1183.07.

Review of incorrect reduction claims, see 2 Cal. Code of Regs. § 1185.01.

Test claim filing, see 2 Cal. Code of Regs. § 1183.

§ 17551.5 Repealed by Stats. 1993, ch. 59 (S.B. 433), §, eff. June 30, 1993, operative Jan. 1, 1996.

§ 17552. Exclusive remedy

This chapter shall provide the sole and exclusive procedure by which a local agency or school district may claim reimbursement for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1986, ch. 879, § 3.)

(Amendment of this section by § 3.5 of Stats. 1986, ch. 879, failed to become operative under the provisions of § 57 of that Act.)

§ 17553. Procedures for receiving and hearing claims; filing of test claims; form and contents; incomplete test claims; determination of complete incorrect reduction claim

(a) The commission shall adopt procedures for receiving claims pursuant to this article and for providing a hearing on those claims. The procedures shall do all of the following:

(1) Provide for presentation of evidence by the claimant, the Department of Finance, and any other affected department or agency, and any other interested person.

(2) Ensure that a statewide cost estimate is adopted within 12 months after receipt of a test claim, when a determination is made by the commission that a mandate exists. This deadline may be extended for up to six months upon the request of either the claimant or the commission.

(3) Permit the hearing of a claim to be postponed at the request of the claimant, without prejudice, until the next scheduled hearing.

(b) All test claims shall be filed on a form prescribed by the commission and shall contain at least the following elements and documents:

(1) A written narrative that identifies the specific sections of statutes or executive orders alleged to contain a mandate and shall include all of the following:

(A) A detailed description of the new activities and costs that arise from the mandate.

(B) A detailed description of existing activities and costs that are modified by the mandate.

(C) The actual increased costs incurred by the claimant during the fiscal year for which the claim was filed to implement the alleged mandate.

(D) The actual or estimated annual costs that will be incurred by the claimant to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.

(E) A statewide cost estimate of increased costs that all local agencies or school districts will incur to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.

(F) Identification of all of the following:

(i) Dedicated state funds appropriated for this program.

(ii) Dedicated federal funds appropriated for this program.

(iii) Other nonlocal agency funds dedicated for this program.

(iv) The local agency's general purpose funds for this program.

(v) Fee authority to offset the costs of this program.

(G) Identification of prior mandate determinations made by the California Victim Compensation and Government Claims Board or the Commission on State Mandates that may be related to the alleged mandate.

(2) The written narrative shall be supported with declarations under penalty of perjury, based on the declarant's personal knowledge, information, or belief, and signed by persons who are authorized and competent to do so, as follows:

(A) Declarations of actual or estimated increased costs that will be incurred by the claimant to implement the alleged mandate.

(B) Declarations identifying all local, state, or federal funds, or fee authority that may be used to offset the increased costs that will be incurred by the claimant to implement the alleged mandate, including direct and indirect costs.

(C) Declarations describing new activities performed to implement specified provisions of the new statute or executive order alleged to impose a reimbursable state-mandated program. Specific references shall be made to chapters, articles, sections, or page numbers alleged to impose a reimbursable state-mandated program.

(3) (A) The written narrative shall be supported with copies of all of the following:

(i) The test claim statute that includes the bill number or executive order, alleged to impose or impact a mandate.

(ii) Relevant portions of state constitutional provisions, federal statutes, and executive orders that may impact the alleged mandate.

(iii) Administrative decisions and court decisions cited in the narrative.

(B) State mandate determinations made by the California Victim Compensation and Government Claims Board and the Commission on State Mandates and published court decisions on state mandate determinations made by the Commission on State Mandates are exempt from this requirement.

(4) A test claim shall be signed at the end of the document, under penalty of perjury by the claimant or its authorized representative, with the declaration that the test claim is true and complete to the best of the declarant's personal knowledge, information, or belief. The date of signing, the declarant's title, address, telephone number, facsimile machine telephone number, and electronic mail address shall be included.

(c) If a completed test claim is not received by the commission within 30 calendar days from the date that an incomplete test claim was returned by the commission, the original test claim filing date may be disallowed, and a new test claim may be accepted on the same statute or executive order.

(d) In addition, the commission shall determine whether an incorrect reduction claim is complete within 10 days after the date that the incorrect reduction claim is filed. If the commission determines that an

incorrect reduction claim is not complete, the commission shall notify the local agency and school district that filed the claim stating the reasons that the claim is not complete. The local agency or school district shall have 30 days to complete the claim. The commission shall serve a copy of the complete incorrect reduction claim on the Controller. The Controller shall have no more than 90 days after the date the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction claim shall not serve to delay the consideration of the claim by the commission.

(Added by Stats. 1995, ch. 945 (S.B. 11), § 5, operative July 1, 1996. Amended by Stats. 1998, ch. 681 (A.B. 1963), § 1, eff. Sept. 22, 1998; Stats. 1999, ch. 643 (A.B. 1679), § 3, Stats. 2004, ch. 890 (A.B. 2856), § 12; Stats. 2006, ch. 538 (S.B. 1852).)

(Derivation: Former § 17553 was amended, prior to repeal, by Stats. 1995, ch. 945 (S.B. 11), § 4, became inoperative on July 1, 1996, and was repealed by its own terms on Jan. 1, 1997.)

CODE OF REGULATIONS REFERENCES

Adoption of parameters and guidelines, see 2 Cal. Code of Regs. § 1183.1.

Commission on state mandates, see 2 Cal. Code of Regs. § 1181 et seq.

Filing of written materials, see 2 Cal. Code of Regs. § 1181.2.

Submissions of written materials in other media, see 2 Cal. Code of Regs. § 1181.3.

Conduct of hearing, see 2 Cal. Code of Regs. § 1187.6.

Continuance of hearings and further hearings, see 2 Cal. Code of Regs. § 1187.9.

Definitions, hearings and decisions, see 2 Cal. Code of Regs. § 1187.

Evidence submitted to the commission, see 2 Cal. Code of Regs. § 1187.5.

Oral and written arguments, see 2 Cal. Code of Regs. § 1188.

Representation at hearing, see 2 Cal. Code of Regs. § 1187.8.

Test claim filing, see 2 Cal. Code of Regs. § 1183.

Withdrawal of claims and requests, see 2 Cal. Code of Regs. § 1188.3.

§ 17554. Waiver of procedural requirements

With the agreement of all parties to the claim, the commission may waive the application of any procedural requirement imposed by this chapter or pursuant to Section 17553. The authority granted by this section includes the consolidation of claims and the shortening of time periods.

(Added by Stats. 1988, ch. 1179, § 1, eff. Sept. 22, 1988. Amended by Stats. 2004, ch. 890 (A.B. 2856), § 13.)

CODE OF REGULATIONS REFERENCES

Executive director's authority to consolidate test claims, see 2 Cal. Code of Regs. § 1183.06.

Commission on state mandates, submissions of written materials in other media, see 2 Cal. Code of Regs. § 1181.3.

§ 17555. Notification of appropriate policy and fiscal committees, Legislative Analyst, Department of Finance and Controller after hearing and decision

(a) Not later than 30 days after hearing and deciding upon a test claim pursuant to subdivision (a) of Section 17551, the commission shall notify the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, the Department of Finance, and the Controller of that decision.

(b) For purposes of this section, the "appropriate policy committee" means the policy committee that has jurisdiction over the subject matter of the statute, regulation, or executive order, and in which bills relating to that subject matter would have been heard.

(Added by Stats.2004, ch. 890 (A.B.2856), § 15. Amended by Stats.2005, ch. 22 (S.B.1108), § 82.)

(Derivation: Former § 17555, added by Stats. 1995, ch. 945 (S.B. 11), § 7, operative July 1, 1996, derived from former § 17555, added by Stats. 1984, ch. 1459, § 1, relating to public hearing and costs of a test claim based upon statute or executive order, was repealed by Stats. 2004, ch. 890 (A.B. 2856), § 14.)

§ 17556. Findings

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds any one of the following:

(a) The claim is submitted by a local agency or school district that requested legislative authority for that local agency or school district to implement the program specified in the statute, and that statute imposes costs upon that local agency or school district requesting the legislative authority. A resolution from the governing body or a letter from a delegated representative of the governing body of a local agency or school district that requests authorization for that local agency or school district to implement a given program shall constitute a request within the meaning of this subdivision.

(b) The statute or executive order affirmed for the state a mandate that had been declared existing law or regulation by action of the courts.

(c) The statute or executive order imposes a requirement that is mandated by a federal law or regulation and results in costs mandated by the federal government, unless the statute or executive order mandates costs that exceed the mandate in that federal law or regulation. This subdivision applies regardless of whether the federal law or regulation was enacted or adopted prior to or after the date on which the state statute or executive order was enacted or issued.

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.

(e) The statute, executive order, or an appropriation in a Budget Act or other bill provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate.

(f) The statute or executive order imposes duties that are necessary to implement, reasonably within the scope of, or expressly included in, a ballot measure approved by the voters in a statewide or local election. This subdivision applies regardless of whether the statute or executive order was enacted or adopted before or after the date on which the ballot measure was approved by the voters.

(g) The statute created a new crime or infraction, eliminated a crime or infraction, or changed the penalty for a crime or infraction, but only for that portion of the statute relating directly to the enforcement of the crime or infraction.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1986, ch. 879, § 4; Stats. 1989, ch. 589, § 1; Stats. 2004, ch. 895 (A.B. 2855), § 14; Stats. 2005, ch. 72 (AB 138), eff. Jul. 19, 2005; Stats. 2006, ch. 538 (S.B. 1852).)

(For state reimbursement provisions and Governor's signing message relating to Stats. 2004, ch. 895 (A.B. 2855), see Historical and Statutory Notes under Educ. Code, § 32282.)

CODE OF REGULATIONS REFERENCES

Filing request for reimbursement, see 2 Cal. Code of Regs. § 1184.

§ 17557. Amount to be subvended; parameters and guidelines, adoption and modification; reasonable reimbursement methodology; fiscal years for cost reimbursement; submission of test claims; consultation regarding guidelines

(a) If the commission determines there are costs mandated by the state pursuant to Section 17551, it shall determine the amount to be subvended to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 30-day period is justified.

(b) In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology.

(c) The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred. However, the commission may not specify in the parameters and guidelines any fiscal year for which payment could be provided in the annual Budget Act.

(d) A local agency, school district, or the state may file a written request with the commission to amend, modify, or supplement the parameters or guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines. A parameters and guidelines amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, and on or before January 15 following a fiscal year, shall establish reimbursement eligibility for that fiscal year.

(e) A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The claimant may thereafter amend the test claim at any time, but before the test claim is set for a hearing, without affecting the original filing date as long as the amendment substantially relates to the original test claim.

(f) In adopting parameters and guidelines, the commission shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity.

(Added by Stats. 1995, ch. 945 (S.B. 11), § 9, operative July 1, 1996. Amended by Stats. 1998, ch. 681 (A.B. 1963), § 2, eff. Sept. 22, 1998; Stats. 2004, ch. 313 (A.B. 2224), § 1; Stats. 2004, ch. 890 (A.B. 2856), § 16.)

(Section affected by two or more acts at the same session of the legislature (2004), see Gov. Code, § 9605.)

(Derivation: Former § 17557 was amended, prior to repeal, by Stats. 1995, ch. 945 (S.B. 11), § 8, became inoperative on July 1, 1996, and was repealed by its own terms on Jan. 1, 1997.)

CODE OF REGULATIONS REFERENCES

Commission on state mandates, submissions of written materials in other media, see 2 Cal. Code of Regs. § 1181.3.

Evidence submitted to the commission, see 2 Cal. Code of Regs. § 1187.5.

Filing requests for reimbursement, see 2 Cal. Code of Regs. § 1184.

Parameters and guidelines, see 2 Cal. Code of Regs. § 1183.1 et seq.

Submission of proposed parameters and guidelines, see 2 Cal. Code of Regs. § 1183.1 et seq.

Timelines, see 2 Cal. Code of Regs. § 1183.01.

§ 17558. Controller's receipt of parameters and guidelines; payment and audit of claims; claiming instructions

(a) The commission shall submit the adopted parameters and guidelines to the Controller. All claims relating to a statute or executive order that are filed after the adoption or amendment of parameters and guidelines pursuant to Section 17557 shall be transferred to the Controller who shall pay and audit the claims from funds made available for that purpose.

b) Not later than 60 days after receiving the adopted parameters and guidelines from the commission, the Controller shall issue claiming instructions for each mandate that requires state reimbursement, to assist local agencies and school districts in claiming costs to be reimbursed. In preparing claiming instructions, the Controller shall request assistance from the Department of Finance and may request the assistance of other state agencies. The claiming instructions shall be derived from the test claim decision and the parameters and guidelines adopted by the commission.

(c) The Controller shall, within 60 days after receiving revised adopted parameters and guidelines from the commission or other information necessitating a revision of the claiming instructions, prepare and issue revised claiming instructions for mandates that require state reimbursement that have been established by commission action pursuant to Section 17557 or after any decision or order of the commission pursuant to Section 17551. In preparing revised claiming instructions, the Controller may request the assistance of other state agencies.

(Added by Stats. 1995, ch. 945 (S.B. 11), § 11, operative July 1, 1996. Amended by Stats. 1996, ch. 45 (S.B. 19), § 1, eff. May 15, 1996, operative July 1, 1996; Stats. 2004, ch. 313 (A.B. 2224), § 2; Stats. 2004, ch. 890 (A.B. 2856), § 17.)

(Section affected by two or more acts at the same session of the legislature (2004), see Government Code § 9605.)

(Derivation: Former § 17558, added by Stats. 1984, ch. 1459, § 1, amended by Stats. 1992, ch. 1041, § 2 and Stats. 1995, ch. 945 (S.B. 11) § 10, and by its own terms became inoperative on July 1, 1996, and was repealed operative Jan. 1, 1997.)

§ 17558.5. Reimbursement claims for actual costs; field review; notice of remittance advice of adjustment to claim; interest rate; adjustment of payments due to intent to defraud or willful delay

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced.

(b) The Controller may conduct a field review of any claim after the claim has been submitted, prior to the reimbursement of the claim.

(c) The Controller shall notify the claimant in writing within 30 days after issuance of a remittance advice of any adjustment to a claim for reimbursement that results from an audit or review. The notification shall specify the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the local agency or school district, and the reason for the adjustment. Remittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review.

(d) The interest rate charged by the Controller on reduced claims shall be set at the Pooled Money Investment Account rate and shall be imposed on the dollar amount of the overpaid claim from the time the claim was paid until overpayment is satisfied.

(e) Nothing in this section shall be construed to limit the adjustment of payments when inaccuracies are determined to be the result of the intent to defraud, or when a delay in the completion of an audit is the result of willful acts by the claimant or inability to reach agreement on terms of final settlement.

(Added by Stats. 1995, ch. 945 (S.B. 11), § 13, operative July 1, 1996. Amended by Stats. 2002, ch. 1124 (A.B. 3000), § 30.4, eff. Sept. 30, 2002; Stats. 2002, ch. 1128 (A.B. 2834), § 14.5, operative Jan. 1, 2003; Stats. 2004, ch. 313 (A.B. 2224), § 3; Stats. 2004, ch. 890 (A.B. 2856), § 18.)

(For legislative findings and declarations and appropriations relating to Stats. 2002, ch. 1128 (A.B. 2834), see Historical and Statutory Notes under Educ. Code, § 14501, in West's California Codes.)

(Derivation: Former § 17558.5, added by Stats. 1993, ch. 906, § 2, was amended, prior to repeal, by Stats. 1995, ch. 945 (S.B. 11), § 12, became inoperative on July 1, 1996, and was repealed on Jan. 1, 1997, by its own terms.)

(Sections 1 and 23 of Stats. 1993, ch. 906 (A.B. 557), provide:

SEC. 1. This act shall be known and may be cited as the Omnibus Local Government Act of 1993.

SEC. 23. If any provision of this act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.)

§ 17558.6. Review of process by which local agencies appeal reduction of reimbursement claims; expeditiousness and cost reduction

It is the intent of the Legislature that the Commission on State Mandates review its process by which local agencies may appeal the reduction of reimbursement claims on the basis that the reduction is incorrect in order to provide for a more expeditious and less costly process.

(Added by Stats. 1998, ch. 681 (A.B. 1963), § 3, eff. Sept. 22, 1998.)

§ 17558.7. Incorrect reduction claims; claimant intent to consolidate.

(a) If the Controller reduces a claim approved by the commission, the claimant may file with the commission an incorrect reduction claim pursuant to regulations adopted by the commission.

(b) A claimant eligible to file an incorrect reduction claim may file a consolidated incorrect reduction claim on behalf of other claimants whose claims for reimbursement under the same mandate are alleged to have been incorrectly reduced if all of the following apply:

(1) The method, act, or practice that the claimant alleges led to the reduction has led to similar reductions of other parties' claims, and all of the claims involve common questions of law or fact.

(2) The common questions of law or fact among the claims predominate over any matter affecting only an individual claim.

(3) The consolidation of similar claims by individual claimants would result in consistent decisionmaking by the commission.

(4) The claimant filing the consolidated claim would fairly and adequately protect the interests of the other claimants.

(c) A claimant that seeks to file a consolidated incorrect reduction claim shall, at the time it files an incorrect reduction claim, on a form provided by the commission, notify the commission of its intent to file a consolidated incorrect reduction claim.

(d) Within 10 days after receipt of an incorrect reduction claim and notice of intent to consolidate, the commission shall request that the Controller provide the commission and the claimant with a list of claimants for whom the Controller has reduced similar claims under the same mandate. Upon receipt of this list from the Controller, the claimant may notify the claimants on the list and other interested parties of its intent to file a consolidated incorrect reduction claim.

(e) Within 30 days of receipt of the notice of intent to consolidate from the original claimant, on a form provided by the commission, any other eligible claimant shall file with the commission its notice of intent to join the consolidated incorrect reduction claim, which shall include a copy of the remittance advice or other notice from the Controller of the claim reduction, and one copy of the reimbursement claims for which an incorrect reduction is alleged.

(f) The commission shall notify each claimant that files an intent to join the consolidated incorrect reduction claim that it may opt out of the consolidated claim and not be bound by any determination made on that consolidated claim. A claimant may opt out of a consolidated claim no later than 15 days after the state agency files comments on the consolidated claim. A claimant that opts out of the consolidated claim, in order to preserve its right to challenge a reduction made by the Controller on that same mandate, shall file an individual incorrect reduction claim pursuant to commission requirements, no later than one year after opting out or within the statute of limitations under the commission's regulations.

(g) The commission shall adopt regulations establishing procedures for receiving a consolidated incorrect reduction claim pursuant to this section and for providing a hearing on a consolidated claim.

(Added by Stats. 2006, ch. 168 (A.B. 2652), § 1, operative Jan. 1, 2007.)

§ 17558.8. Incorrect reduction claims; consolidation by commission.

(a) The commission may, on its own initiative, consolidate incorrect reduction claims filed with the commission by different claimants under the same mandate if all of the following apply:

(1) The same method, act, or practice is alleged to have led to the reduction in each claim, and all of the claims involve common questions of law or fact.

(2) The common questions of law or fact among the claims predominate over any matter affecting only an individual claim.

(3) The consolidation of similar claims by individual claimants would result in consistent decisionmaking by the commission.

(b) The commission shall adopt regulations establishing procedures for consolidation of incorrect reduction claim pursuant to this section and for providing a hearing on a consolidated claim.

(Added by Stats. 2006, ch. 168 (A.B. 2652), § 2, operative Jan. 1, 2007.)

§ 17559. Reconsideration; proceedings to set aside decision

(a) The commission may order a reconsideration of all or part of a test claim or incorrect reduction claim on petition of any party. The power to order a reconsideration or amend a test claim decision shall expire 30 days after the statement of decision is delivered or mailed to the claimant. If additional time is needed to evaluate a petition for reconsideration filed prior to the expiration of the 30-day period, the commission may grant a stay of that expiration for no more than 30 days, solely for the purpose of considering the petition. If no action is taken on a petition within the time allowed for ordering reconsideration, the petition shall be deemed denied.

(b) A claimant or the state may commence a proceeding in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure to set aside a decision of the commission on the ground that the commission's decision is not supported by substantial evidence. The court may order the commission to hold another hearing regarding the claim and may direct the commission on what basis the claim is to receive a rehearing.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1999, ch. 643 (A.B. 1679), § 4.)

CODE OF REGULATIONS REFERENCES

Financial operations, commission on state mandates, reconsideration of a prior final decision, see 2 Cal. Code of Regs. § 1188.4.

An uncodified section of Statutes 2006, chapter 78 (A.B.1805), provides:

SEC. 8. (a) Notwithstanding any other provision of law, the Commission on State Mandates shall reconsider its statements of decision and parameters and guidelines for both of the following mandates:

(1) Cancer Presumption-Peace Officers (Test Claim Number CSM-4416).

(2) Firefighter's Cancer Presumption (Test Claim Number CSM-4081).

(b) The commission shall complete the reconsiderations required by subdivision (a) no later than six months after a final court decision is issued in the case of CSAC Excess Insurance Authority and City of Newport Beach v. Commission on State Mandates (Case No. B188169, an appeal in the Second District Court of Appeal consolidating Los Angeles County Superior Court Case No. BS092146 and No. BS095456).

(c) The reconsidered statements of decision required by subdivision (a) shall be effective for these mandates on July 1 after adoption by the commission.

(d) The Department of Industrial Relations, in consultation with the Department of Finance, shall submit relevant information to the commission in the reconsiderations required by subdivision (a).

Uncodified sections of Statutes 2004, chapter 316 (A.B. 2851), provides:

SEC. 2. The Legislature hereby finds and declares that, notwithstanding a prior determination by the Board of Control, acting as the predecessor agency for the Commission on State Mandates, and pursuant to subdivision (d) of Section 17556 of the Government Code, the state-mandated local program imposed by Chapter 1131 of the Statutes of 1975 no longer constitutes a reimbursable mandate under Section 6 of Article XIII B of the California Constitution because subdivision (e) of Section 2207 of the Public Resources Code, as added by Chapter 1097 of the Statutes of 1990, confers on local agencies subject to that mandate authority to levy fees sufficient to pay for the mandated program.

SEC. 3. Notwithstanding any other provision of law, by January 1, 2006, the Commission on State Mandates shall reconsider whether each of the following statutes constitutes a reimbursable mandate under Section 6 of Article XIII B of the California Constitution in light of federal statutes enacted and federal and state court decisions rendered since these statutes were enacted:

(a) Sex offenders: disclosure by law enforcement officers (97-TC-15; and Chapters 908 and 909 of the Statutes of 1996, Chapters 17, 80, 817, 818, 819, 820, 821, and 822 of the Statutes of 1997, and Chapters 485, 550, 927, 928, 929, and 930 of the Statutes of 1998).

(b) Extended commitment, Youth Authority (98-TC-13; and Chapter 267 of the Statutes of 1998).

(c) Brown Act Reforms (CSM-4469; and Chapters 1136, 1137, and 1138 of the Statutes of 1993, and Chapter 32 of the Statutes of 1994).

(d) Photographic Record of Evidence (No. 98-TC-07; and Chapter 875 of the Statutes of 1985, Chapter 734 of the Statutes of 1986, and Chapter 382 of the Statutes of 1990).

SEC. 4. The Legislature hereby finds and declares that the following statutes no longer constitute a reimbursable mandate under Section 6 of Article XIII B of the California Constitution because provisions containing the reimbursable mandate have been repealed:

(a) Democratic Party presidential delegates (CSM-4131; and Chapter 1603 of the Statutes of 1982 and Chapter 8 of the Statutes of 1988, which enacted statutes that were repealed by Chapter 920 of the Statutes of 1994).

(b) Short-Doyle case management, Short-Doyle audits, and residential care services (CSM-4238; and Chapter 815 of the Statutes of 1979, Chapter 1327 of the Statutes of 1984, and Chapter 1352 of the Statutes of 1985, which enacted statutes that were repealed by Chapter 89 of the Statutes of 1991).

SEC. 5. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to make necessary statutory changes to fully implement the Budget Act of 2003 at the earliest possible time, it is necessary that this act take effect immediately.)

§ 17560. Claims for reimbursement

Reimbursement for state-mandated costs may be claimed as follows:

- (a) A local agency or school district may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).
- (b) A local agency or school district may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
- (c) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of Section 17558 between October 15 and January 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

(Added by Stats. 1986, ch. 879, § 5. Amended by Stats. 1992, ch. 1041 (A.B. 1690), § 3. Amended by Stats. 1996, ch. 45 (S.B. 19), § 2, eff. May 15, 1996; Stats. 1998, ch. 681 (A.B. 1963), § 4, eff. Sept. 22, 1998.)

(Derivation: Rev. & Tax Code, former § 2218.5, added by Stats. 1982, ch. 734, § 2; Stats. 1982, ch. 1586, § 2.)

§ 17561. State-mandated costs; reimbursement of local agencies and school districts; appropriations; disbursements; excessive claims

(a) The state shall reimburse each local agency and school district for all “costs mandated by the state,” as defined in Section 17514.

(b)(1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall be provided as follows:

(A) Any statute mandating these costs shall provide an appropriation therefor.

(B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill which is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts.

(2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor's Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor's Budget and in the accompanying Budget Bill subsequent to the enactment of the local government claims bill pursuant to Section 17600 that includes the amounts awarded relating to these chaptered bills or executive orders.

(c) The amount appropriated to reimburse local agencies and school districts for costs mandated by the state shall be appropriated to the Controller for disbursement.

(d) The Controller shall pay any eligible claim pursuant to this section within 60 days after the filing deadline for claims for reimbursement or 15 days after the date the appropriation for the claim is effective, whichever is later. The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies that would otherwise collect the costs of these mandates from local agencies or school districts in the form of

fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows:

(1) For initial reimbursement claims, the Controller shall issue claiming instructions to the relevant local agencies and school districts pursuant to Section 17558. Issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the commission.

(A) When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17551 that requires state reimbursement, each local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions.

(B) When the commission is requested to review the claiming instructions pursuant to Section 17571, each local agency or school district to which the mandate is applicable shall submit a claim for reimbursement within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller.

(C) If the local agency or school district does not submit a claim for reimbursement within the 120-day period, or submits a claim pursuant to revised claiming instructions, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims from the funds appropriated therefor, provided that the Controller (i) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, and (ii) may reduce any claim that the Controller determines is excessive or unreasonable.

(2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (B) may reduce any claim that the Controller determines is excessive or unreasonable, and (C) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years.

(3) When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed. The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case may a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates contained in a claims bill.

(e)(1) Except as specified in paragraph (2), for the purposes of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the Constitution, a mandate that is "determined in a preceding fiscal year to be payable by the state" means all mandates for which the commission adopted a statewide cost estimate pursuant to this part during a previous fiscal year or that were identified as mandates by a predecessor agency to the commission, unless the mandate has been repealed or otherwise eliminated.

(2) If the commission adopts a statewide cost estimate for a mandate during the months of April, May, or June, the state's payment obligation under subdivision (b) of Section 6 of Article XIII B shall commence one year after the time specified in paragraph (1).

(Added by Stats.1986, ch. 879, § 6. Amended by Stats.1988, ch. 1179, § 3, eff. Sept. 22, 1988; Stats.1989, ch. 589, § 1.5; Stats. 1996, ch. 45 (S.B.19), § 3, eff. May 15, 1996, operative July 1, 1996; Stats.1999, ch. 643 (A.B. 1679), § 5; Stats. 2002, ch. 1124 (A.B. 3000), § 30.6, eff. Sept. 30, 2002; Stats. 2004, ch. 313 (A.B. 2224), § 4; Stats. 2004, ch. 890 (A.B.2856), § 19; Stats. 2006, ch. 78 (A.B.1805), § 1, eff. July 18, 2006.)

(Derivation: Rev. & Tax Code, former § 2231, added by Stats. 1975, ch. 486, § 7, amended by Stats. 1977, ch. 1135, § 7; Stats. 1978, ch. 794, § 1.1; Stats. 1980, ch. 1256, § 8; Stats. 1982, ch. 734, § 3; Stats. 1982, ch. 1586, § 3. Rev. & Tax Code, former § 2231, added by Stats. 1973, ch. 358, § 3. Rev. & Tax Code, former § 2164.3, added by Stats. 1972, ch. 1406, § 14.7.)

§ 17561.5. Payment of claims; interest

The payment of an initial reimbursement claim by the Controller shall include accrued interest at the Pooled Money Investment Account rate, if the payment is being made more than 365 days after adoption of the statewide cost estimate for an initial claim or, in the case of payment of a subsequent claim relating to that same statute or executive order, if payment is being made more than 60 days after the filing deadline for, or the actual date of receipt of, the subsequent claim, whichever is later. In those instances, interest shall begin to accrue as of the 366th day after adoption of the statewide cost estimate for an initial claim and as of the 61st day after the filing deadline for, or actual date of receipt of, the subsequent claim, whichever is later.

(Added by Stats. 1995, ch. 945 (S.B. 11), § 14, operative July 1, 1996. Amended by Stats. 1996, ch. 45 (S.B. 19), § 4, eff. May 15, 1996, operative July 1, 1996; Stats. 2004, ch. 890 (A.B. 2856), § 20.)

§ 17561.6. Budget act items or appropriations; reimbursement of interest

A budget act item or appropriation pursuant to this part for reimbursement of claims shall include an amount necessary to reimburse any interest due pursuant to Section 17561.5.

(Added by Stats. 1995, ch. 945 (S.B. 11), § 15, operative July 1, 1996. Amended by Stats. 2004, ch. 890 (A.B. 2856), § 21.)

§ 17562. Legislative findings; declarations and intent; review of proposals concerning state-mandated programs; review of statutes resulting in revenue losses and cost savings; reports and hearings

(a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to increase information regarding state mandates and establish a method for regularly reviewing the costs and benefits of state-mandated local programs.

(b) The Controller shall submit a report to the Joint Legislative Budget Committee and fiscal committees by January 1 of each year. This report shall summarize, by state mandate, the total amount of claims paid per fiscal year and the amount, if any, of mandate deficiencies or surpluses. This report shall be made available in an electronic spreadsheet format. The report shall compare the annual cost of each mandate to the statewide cost estimate adopted by the commission.

(c) After the commission submits its second semiannual report to the Legislature pursuant to Section 17600, the Legislative Analyst shall submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the commission's reports. The report shall make recommendations as to whether the mandate should be repealed, funded, suspended, or modified.

(d) In its annual analysis of the Budget Bill and based on information provided pursuant to subdivision (b), the Legislative Analyst shall identify mandates that significantly exceed the statewide cost estimate adopted by the commission. The Legislative Analyst shall make recommendations on whether the mandate should be repealed, funded, suspended, or modified.

(e) (1) A statewide association of local agencies or school districts or a Member of the Legislature may submit a proposal to the Legislature recommending the elimination or modification of a state-mandated local program. To make such a proposal, the association or member shall submit a letter to the Chairs of the Assembly Committee on Education or the Assembly Committee on Local Government, as the case may be, and the Senate Committee on Education or the Senate Committee on Local Government, as the case may be, specifying the mandate and the concerns and recommendations regarding the mandate. The association or member shall include in the proposal all information relevant to the conclusions. If the chairs of the committees desire additional analysis of the submitted proposal, the chairs may refer the proposal to the Legislative Analyst for review and comment. The chairs of the committees may refer up to a total of 10 of these proposals to the Legislative Analyst for review in any year. Referrals shall be submitted to the Legislative Analyst by December 1 of each year.

(2) The Legislative Analyst shall review and report to the Legislature with regard to each proposal that is referred to the office pursuant to paragraph (1). The Legislative Analyst shall recommend that the Legislature adopt, reject, or modify the proposal. The report and recommendations shall be submitted annually to the Legislature by March 1 of the year subsequent to the year in which referrals are submitted to the Legislative Analyst.

(3) The Department of Finance shall review all statutes enacted each year that contain provisions making inoperative Section 17561 or Section 17565 that have resulted in costs or revenue losses mandated by the state that were not identified when the statute was enacted. The review shall identify the costs or revenue losses involved in complying with the statutes. The Department of Finance shall also review all statutes enacted each year that may result in cost savings authorized by the state. The Department of Finance shall submit an annual report of the review required by this subdivision, together with the recommendations as it may deem appropriate, by December 1 of each year.

(f) It is the intent of the Legislature that the Assembly Committee on Local Government and the Senate Committee on Local Government hold a joint hearing each year regarding the following:

(1) The reports and recommendations submitted pursuant to subdivision (e).

(2) The reports submitted pursuant to Sections 17570, 17600, and 17601.

(3) Legislation to continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision. The legislation may be by subject area or by year or years of enactment.

(Added by Stats. 1995, ch. 945 (S.B. 11), § 17, operative July 1, 1996. Amended by Stats. 1996, ch. 45 (S.B. 19), § 5, eff. May 15, 1996, operative July 1, 1996. Stats. 2001, ch. 745 (S.B. 1191), § 97, eff. Oct. 12, 2001; Stats. 2002, ch. 1124 (A.B. 3000), § 30.8, eff. Sept. 30, 2002; Stats. 2004, ch. 890 (A.B. 2856), § 22.)

(Derivation: Former § 17562, added by Stats. 1986, ch. 879, § 7, was amended by Stats. 1995, ch. 945 (S.B. 11), § 16, and by its own terms became inoperative on July 1, 1996 and was repealed operative Jan. 1, 1997. Former Rev. & Tax Code, § 2231.5, added by Stats. 1980, ch. 1337, § 3, amended by Stats. 1982, ch. 734, § 4; Stats. 1985, ch. 179, § 12.)

§ 17563. Use of funds for any public purpose

Any funds received by a local agency or school district pursuant to the provisions of this chapter may be used for any public purpose.

(Added by Stats. 1986, ch. 879, § 8.)

§ 17564. Claims under specified dollar amount; claims for direct and indirect costs

(a) No claim shall be made pursuant to Sections 17551 and 17561, nor shall any payment be made on claims submitted pursuant to Sections 17551 and 17561, unless these claims exceed one thousand dollars (\$1,000), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds one thousand dollars (\$1,000) even if the individual school district's, direct service district's, or special district's claims do not each exceed one thousand dollars (\$1,000). The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district

provides to the county superintendent of schools or county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

(b) Claims for direct and indirect costs filed pursuant to Section 17561 shall be filed in the manner prescribed in the parameters and guidelines and claiming instructions.

(Added by Stats. 1986, ch. 879, § 9. Amended by Stats. 1992, ch. 1041 (A.B. 1690), § 4; Stats. 1999, ch. 643 (A.B. 1679), § 6; Stats. 2002, ch. 1124 (A.B. 3000), § 30.9, eff. Sept. 30, 2002; Stats. 2004, ch. 890 (A.B. 2856), § 23.)

CODE OF REGULATIONS REFERENCES

Test claim filing, see 2 Cal. Code of Regs. § 1183.

§ 17565. Reimbursement for costs incurred after operative date of mandate

If a local agency or a school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate.

(Added by Stats. 1986, ch. 879, § 10.)

(Derivation: Rev. & Tax Code, former § 2234, added by Stats. 1975, ch. 486, § 9, amended by Stats. 1977, ch. 1135, § 8.6; Stats. 1980, ch. 1256, § 11.)

§ 17567. Prorated claims; report

In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose. In the event that the Controller finds it necessary to prorate claims as provided by this section, the Controller shall immediately report this action to the Department of Finance, the Chairperson of the Joint Legislative

Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, the Controller shall transmit this information to the commission which shall include these amounts in its report to the Legislature pursuant to Section 17600 to assure that an appropriation sufficient to pay the claims is included in the local government claims bills or other appropriation bills. If the local government claims bills required by Section 17612 have been introduced in the Legislature, the Controller shall report directly to the chairperson of the respective committee in each house of the Legislature which considers appropriations to assure inclusion of a sufficient appropriation in the claims bills.

(Added by Stats. 1986, ch. 879, § 11.)

(Derivation: Rev. & T. C. former § 2236, added as Rev. & Tax C. § 2233 by Stats. 1975, ch. 486, § 8, renumbered Rev. & Tax C. § 2234 and amended by Stats. 1977, ch. 309, § 32, renumbered Rev. & Tax C. § 2236 and amended by Stats. 1977, ch. 1135, § 8.5; Stats. 1978, ch. 794, § 2.)

§ 17568. Valid reimbursement claims submitted after specified deadline; insufficient appropriations; prorated claims

If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount which would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). In no case shall a reimbursement claim be paid which is submitted more than one year after the deadline specified in Section 17560. Estimated claims which were filed by the deadline specified in that section shall be paid in full before payments are made on estimated claims filed after the deadline. In the event the amount appropriated to the Controller for reimbursement purposes is not sufficient to pay the estimated claims approved by the Controller, the Controller shall prorate those claims in proportion to the dollar amount of approved claims filed after the deadline and shall report to the commission or the Legislature in the same manner as described in Section 17566 in order to assure appropriation of funds sufficient to pay those claims.

(Added by Stats. 1986, ch. 879, § 12. Amended by Stats. 1989, ch. 589, § 2.)

(Derivation: Rev. & Tax Code, former § 2238, added by Stats. 1978, ch. 794, § 3, amended by Stats. 1980, ch. 1256, § 12; Stats. 1982, ch. 734, § 5; Stats. 1982, ch. 1586, § 4; Stats. 1984, ch. 193, § 113.)

§ 17570. Unfunded statutory or regulatory mandate; approved claims; review

The Legislative Analyst shall review each unfunded statutory or regulatory mandate for which claims have been approved by the Legislature pursuant to a claims bill during the preceding fiscal year. Any recommendations by the Legislative Analyst to eliminate or modify the mandates shall be contained in the annual analysis of the Budget Bill prepared by the Legislative Analyst.

(Added by Stats. 1990, ch. 582 (S.B. 340), § 6.)

(Derivation: Former § 17570, added by Stats. 1986, ch. 879, § 13, relating to similar subject matter, was repealed by Stats. 1990, ch. 582 (S.B. 340), § 5. Rev. & Tax Code, former § 2246.1, added by Stats. 1980, ch. 1256, § 13.)

§ 17571. Review of claiming instructions; modifications

The commission, upon request of a local agency or school district, shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs. If the commission determines that the claiming instructions do not conform to the parameters and guidelines, the commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the commission.

(Added by Stats. 1986, ch. 879, § 14. Amended by Stats. 1992, ch. 1041 (A.B. 1690), § 5; Stats. 1999, ch. 643 (A.B. 1679), § 7.)

§ 17572. Amendment of parameters and guidelines for Animal Adoption mandate; application; reimbursement claims

(a) The commission shall amend the parameters and guidelines for the state-mandated local program contained in Chapter 752 of the Statutes of 1998, known as the Animal Adoption mandate (Case No. 98-TC-11), as specified below:

(1) Amend the formula for determining the reimbursable portion of acquiring or building additional shelter space that is larger than needed to comply with the increased holding period to specify that costs incurred to address preexisting shelter overcrowding or animal population growth are not reimbursable.

(2) Clarify how the costs for care and maintenance shall be calculated.

(3) Detail the documentation necessary to support reimbursement claims under this mandate, in consultation with the Bureau of State Audits and the Controller's office.

(b) The parameters and guidelines, as amended pursuant to this section, shall apply to claims for costs incurred in fiscal years commencing with the 2005-06 fiscal year in which Chapter 752 of the Statutes of 1998 is not suspended pursuant to Section 17581.

(c) Before funds are appropriated to reimburse local agencies for claims related to costs incurred in fiscal years commencing with the 2005-06 fiscal year pursuant to Sections 1834 and 1846 of the Civil Code, and Sections 31108, 31752, 31752.5, 31753, 32001, and 32003 of the Food and Agricultural Code, known as the Animal Adoption mandate, local agencies shall file reimbursement claims pursuant to the parameters and guidelines amended pursuant to this section, and the Controller's revised claiming instructions.

(Added by Stats. 2004, ch. 313 (A.B. 2224), § 5.)

ARTICLE 2. Specific Costs Mandated By The State

§ 17575. Determination by legislative counsel

When a bill is introduced in the Legislature, and each time a bill is amended, on and after January 1, 1985, the Legislative Counsel shall determine whether the bill mandates a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution. The Legislative Counsel shall make this determination known in the digest of the bill and shall describe in the digest the basis for this determination. The determination by the Legislative Counsel shall not be binding on the commission in making its determination pursuant to Section 17555.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17576. Preparation of estimate

Whenever the Legislative Counsel determines that a bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Department of Finance shall prepare an estimate of the amount of reimbursement which will be required. This estimate shall be prepared for the respective committees of each house of the Legislature which consider taxation measures and appropriation measures and shall be prepared prior to any hearing on the bill by any such committee.

(Added by Stats. 1984, ch. 1459, § 1.)

CODE OF REGULATIONS REFERENCES

Certification of statewide cost estimate, see 2 Cal. Code of Regs. § 1184.2.

§ 17577. Amount of estimate

The estimate required by Section 17576 shall be the amount estimated to be required during the first fiscal year of a bill's operation in order to reimburse local agencies and school districts for costs mandated by the state by the bill.

(Added by Stats. 1984, ch. 1459, § 1.)

CODE OF REGULATIONS REFERENCES

Certification of statewide cost estimate, see 2 Cal. Code of Regs. § 1184.2.

§ 17578. Notice of bill mandating new program or higher level of service

In the event that a bill is amended on the floor of either house, whether by adoption of the report of a conference committee or otherwise, in such a manner as to mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Legislative Counsel shall immediately inform, respectively, the Speaker of the Assembly and the President of the Senate of that fact. Notification from the Legislative Counsel shall be published in the journal of the respective houses of the Legislature.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17579. Bill mandating new program or higher level of service; section specifying reimbursement; appropriation

Any bill introduced or amended for which the Legislative Counsel has determined the bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution shall contain a section specifying that reimbursement shall be made pursuant to this chapter or that the mandate is being disclaimed and the reason therefor.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 179, § 7, eff. July 8, 1985, operative Jan. 1, 1985; Stats. 2004, ch. 890 (A.B. 2856), § 24.)

§ 17580. Repealed by Stats. 1998, ch. 876 (S.B. 1649), § 6

§ 17581. Implementation by local agencies of statutes or executive orders requiring state reimbursement

(a) No local agency shall be required to implement or give effect to any statute or executive order, or portion thereof, during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply:

(1) The statute or executive order, or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of local agencies pursuant to Section 6 of Article XIII B of the California Constitution.

(2) The statute or executive order, or portion thereof, or the commission's test claim number, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements.

(b) Notwithstanding any other provision of law, if a local agency elects to implement or give effect to a statute or executive order described in subdivision (a), the local agency may assess fees to persons or entities which benefit from the statute or executive order. Any fee assessed pursuant to this subdivision shall not exceed the costs reasonably borne by the local agency.

(c) This section shall not apply to any state-mandated local program for the trial courts, as specified in Section 77203.

(d) This section shall not apply to any state-mandated local program for which the reimbursement funding counts toward the minimum General Fund requirements of Section 8 of Article XVI of the Constitution.

(Added by Stats. 1990, ch. 459 (S.B. 1333), § 1, eff. July 31, 1990. Amended by Stats. 1998, ch. 681 (A.B. 1963), § 5, eff. Sept. 22, 1998; Stats. 2005, ch. 72 (AB 138), eff. Jul. 19, 2005.)

(Section 2 of Stats. 1991, ch. 266 (S.B. 174), eff. July 29, 1991, provides:

In addition to statutes identified by the Legislature pursuant to the procedure specified in Section 17581 of the Government Code, and notwithstanding any other provision of law, no local agency shall be required to implement or give effect during the 1991-92 fiscal year to any of the following statutes:

(a) Chapter 1327 of the Statutes of 1984, and Chapter 1286 of the Statutes of 1985 (Short-Doyle Targeted Supplemental Fund).

(b) Chapter 1393 of the Statutes of 1978, Chapter 328 of the Statutes of 1982, Chapter 1594 of the Statutes of 1982, and Chapter 1327 of the Statutes of 1984 (Mental Health Quality Assurance).)

§ 17581.5. School Bus Safety II mandate; School Crimes Reporting II mandate; investment reports mandate; county treasurer oversight committees mandate; implementation in specified fiscal years

(a) A school district may not be required to implement or give effect to the statutes, or portion thereof, identified in subdivision (b) during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply:

(1) The statute or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of school districts pursuant to Section 6 of Article XIII B of the California Constitution.

(2) The statute, or portion thereof, or the test claim number utilized by the commission, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements.

(b) This section applies only to the following mandates:

(1) The School Bus Safety I (CSM-4433) and II (97-TC-22) mandates (Chapter 642 of the Statutes of 1992; Chapter 831 of the Statutes of 1994; and Chapter 739 of the Statutes of 1997).

(2) The School Crimes Reporting II mandate (97-TC-03; and Chapter 759 of the Statutes of 1992 and Chapter 410 of the Statutes of 1995).

(3) Investment reports (96-358-02; and Chapter 783 of the Statutes of 1995 and Chapters 156 and 749 of the Statutes of 1996).

(4) County treasury oversight committees (96-365-03; and Chapter 784 of the Statutes of 1995 and Chapter 156 of the Statutes of 1996).

(5) Grand jury proceedings mandate (98-TC-27; and Chapter 1170 of the Statutes of 1996, Chapter 443 of the Statutes of 1997, and Chapter 230 of the Statutes of 1998).

(Added by Stats. 2002, ch. 1167 (A.B. 2781), § 37, eff. Sept. 30, 2002. Amended by Stats. 2004, ch. 216 (S.B. 1108), § 26, eff. Aug. 11, 2004; Stats. 2004, ch. 316 (A.B. 2851), § 1, eff. Aug. 25, 2004; Stats. 2005, ch. 72 (AB 138), eff. Jul. 19, 2005; Stats. 2005, c. 491 (S.B. 65), § 5, eff. Oct. 4, 2005.)

NOTE: See Statutes 2006, chapter 48 (Budget Act of 2006, AB 1811), section 44, for mandates “specifically identified by the Legislature for suspension during the 2006-07 fiscal year.”

§ 17582. Repealed by Stats. 1993, ch. 59 (S.B. 443), § 5, eff. June 30, 1993, operative Jan. 1, 1996.

ARTICLE 3. Reports To The Legislature

§ 17600. Semiannual report

At least twice each calendar year the commission shall report to the Legislature on the number of mandates it has found pursuant to Article 1 (commencing with Section 17550) and the estimated statewide costs of these mandates. This report shall identify the statewide costs estimated for each mandate and the reasons for recommending reimbursement.

(Added by Stats. 1984, ch. 1459, § 1.)

CODE OF REGULATIONS REFERENCES

Certification of statewide cost estimate, see 2 Cal. Code of Regs. § 1184.2.

Statewide cost estimate, see 2 Cal. Code of Regs. § 1183.3.

§ 17601. Annual report: test claims

The commission shall report to the Legislature on January 15, 1986, and each January 15 thereafter, on the number of claims it denied during the preceding calendar year and the basis on which the particular claims were denied.

(Added by Stats. 1984, ch. 1459, § 1.)

§ 17602. Annual report: incorrect reduction claims

On or before January 15, 2007, and on or before each January 15 thereafter, the commission shall report to the Legislature the number of individual and consolidated incorrect reduction claims decided during the preceding calendar year and whether and why the reduction was upheld or overturned.

(Added by Stats. 2006, ch. 168 (A.B. 2652), § 3, operative Jan. 1, 2007.)

ARTICLE 4. Payment Of Claims

§ 17610. Repealed by Stats. 2004, ch. 890 (A.B. 2856), § 25.

(The repealed section, added by Stats. 1984, ch. 1459, § 1, amended by Stats. 1985, ch. 179, § 8; Stats. 1986, ch. 879, § 16; Stats. 1988, ch. 1179, § 5; Stats. 1992, ch. 1041 (A.B. 1690), § 6, related to statute specifying reimbursement, specification of parameters and guidelines, statewide cost limitation, and definitions.)

§ 17611. Repealed by Stats. 1985, ch. 179, § 9, eff. July 8, 1985, operative Jan. 1, 1985.

§ 17612. Local government claims bill; modification of parameters and guidelines; action for declaratory relief

(a) Immediately upon receipt of the report submitted by the commission pursuant to Section 17600, a local government claims bill shall be introduced in the Legislature. The local government claims bill, at the time of its introduction, shall provide for an appropriation sufficient to pay the estimated costs of these mandates.

(b) The Legislature may amend, modify, or supplement the parameters and guidelines for mandates contained in the local government claims bill. If the Legislature amends, modifies, or supplements the parameters and guidelines, it shall make a declaration in the local government claims bill specifying the basis for the amendment, modification, or supplement.

(c) If the Legislature deletes from a local government claims bill funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 179, § 10, eff. July 8, 1985, operative Jan. 1, 1985; Stats. 1992, ch. 1041 (A.B. 1690), § 7; Stats. 2004, ch. 890 (A.B. 2856), § 26.)

§ 17613. Augmentation of reimbursement expenditures

(a) The Director of Finance may, upon receipt of any report submitted pursuant to Section 17567, authorize the augmentation of the amount available for expenditure to reimburse costs mandated by the state, as defined in Section 17514, as follows:

(1) For augmentation of (A) any schedule in any item to reimburse costs mandated by the state in any budget act, or (B) the amount appropriated in a local government claims bill for reimbursement of the claims of local agencies, as defined by Section 17518, from the unencumbered balance of any other item to reimburse costs mandated by the state in that budget act or another budget act or in an appropriation for reimbursement of the claims of local agencies in another local government claims bill.

(2) For augmentation of (A) any schedule in any budget act item, or (B) any amount appropriated in a local government claims bill, when either of these augmentations is for reimbursement of mandated claims of school districts, as defined in Section 17519, when the source of this augmentation is (A) the unencumbered balance of any other scheduled amount in that budget act or another budget act, or (B) an appropriation in another local government claims bill, when either of these appropriations is for reimbursement of mandate claims of school districts. This paragraph applies only to appropriations that are made for the purpose of meeting the minimum funding guarantee for educational programs pursuant to Section 8 of Article XVI of the California Constitution.

(b) No authorization for an augmentation pursuant to this section may be made sooner than 30 days after the notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations and the chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

(Added by Stats. 1992, ch. 1041 (A.B. 1690), § 8. Amended by Stats. 1995, ch. 914 (A.B. 818), § 1, eff. Oct. 16, 1995.)

§ 17614. Repealed by Stats. 2004, ch. 890 (A.B. 2856), § 27.

(The repealed section, added by Stats. 1984, ch. 1459, § 1, amended by Stats. 1985, ch. 179, § 11, related to creation of the State Mandates Claim Fund.)

ARTICLE 5. State Mandates Apportionment System

§ 17615. Legislative findings and declarations; intent of legislature

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for actual costs mandated by the state on an annual claim basis is time consuming, cumbersome, and expensive at both the local and state levels. The Controller must process voluminous claims with all claims subject to a desk audit and selected claims also subject to a field audit. Local agencies are required to maintain extensive documentation of all claims in anticipation of such an audit. The volume of these records is substantial and will continue to grow with no relief in sight as new programs are mandated. The cost to local agencies and school districts for filing claims, and for maintaining documentation and responding to the Controller's audits is substantial. The current administrative cost to both state and local governments represents a significant expenditure of public funds with no apparent benefit to the taxpayers. It is the intent of the Legislature to streamline the reimbursement process for costs mandated by the state by creating a system of state mandate apportionments to fund the costs of certain programs mandated by the state.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

CODE OF REGULATIONS REFERENCES

State mandates apportionment system, see 2 Cal. Code of Regs. § 1184.5 et seq.

§ 17615.1. Procedure for reviewing mandated cost programs

The commission shall establish a procedure for reviewing, upon request, mandated cost programs for which appropriations have been made by the Legislature for the 1982-83, 1983-84, and 1984-85 fiscal years, or any three consecutive fiscal years thereafter. At the request of the Department of Finance, the Controller, or any local agency or school district receiving reimbursement for the mandated program, the commission shall review the mandated cost program to determine whether the program should be included in the State Mandates Apportionment System. If the commission determines that the State

Mandates Apportionment System would accurately reflect the costs of the state-mandated program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 2004, ch. 890 (A.B. 2856), § 28.)

§ 17615.2. Disbursements computed by averaging approved reimbursement claims; adjustment of payments

(a) Notwithstanding Section 17561, after November 30, 1985, for those programs included in the State Mandates Apportionment System, after approval by the commission, there shall be disbursed by the Controller to each local agency and school district which has submitted a reimbursement claim for costs mandated by the state in the 1982-83, 1983-84, and the 1984-85 fiscal years, or any three consecutive fiscal years thereafter, an amount computed by averaging the approved reimbursement claims for this three-year period. The amount shall first be adjusted according to any changes in the deflator. The deflator shall be applied separately to each year's costs for the three years which comprise the base period. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1985 and the Budget Act for any subsequent fiscal year thereafter. For purposes of this article, "base period" means the three fiscal years immediately succeeding the commission's approval.

(b) When the Controller has made payment on claims prior to commission approval of the program for inclusion in the State Mandates Apportionment System, the payment shall be adjusted in the next apportionment to the amount which would have been subvended to the local agency or school district for that fiscal year had the State Mandates Apportionment System been in effect at the time of the initial payment.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 1989, ch. 589, § 3.)

§ 17615.3. Recalculation of allocations

Notwithstanding Section 17561, by November 30, 1986, and by November 30 of each year thereafter, for those programs included in the State Mandates Apportionment System, the Controller shall recalculate each allocation for each local agency and school district for the 1985-86 fiscal year, by using the actual change in the deflator for that year. That recalculated allocation shall then be adjusted by the estimated change in the deflator for the 1986-87 fiscal year, and each fiscal year thereafter, to establish the allocation amount for the 1986-87 fiscal year, and each fiscal year thereafter. Additionally, for programs approved by the commission for inclusion in the State Mandates Apportionment System on or after January 1, 1988, the allocation for each year succeeding the three-year base period shall be adjusted according to any changes in both the deflator and workload. The Controller shall then subvene that amount after adjusting it by any amount of overpayment or underpayment in the 1985-86 fiscal year, and each fiscal year thereafter, due to a discrepancy between the actual change and the estimated change in the deflator or workload. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1986 and the Budget Act for any subsequent fiscal year thereafter. For purposes of this article, "workload" means, for school districts and county offices of education, changes in the average daily attendance; for community colleges, changes in the number of full-time equivalent students; for cities and counties, changes in the population within their boundaries; and for special districts, changes in the population of the county in which the largest percentage of the district's population is located.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 1989, ch. 589, § 4.)

§ 17615.4. New programs; filing of reimbursement claims; inclusion in state mandates apportionment system

(a) When a new mandate imposes costs that are funded either by legislation or in local government claims bills, local agencies and school districts may file reimbursement claims as required by Section 17561, for a minimum of three years after the initial funding of the new mandate.

(b) After actual cost claims are submitted for three fiscal years against such a new mandate, the commission shall determine, upon request of the Controller or a local entity or school district receiving reimbursement for the program, whether the amount of the base year entitlement adjusted by changes in the deflator and workload accurately reflects the costs incurred by the local agency or school district. If the commission determines that the base year entitlement, as adjusted, does accurately reflect the costs of the program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

(c) The Controller shall make recommendations to the commission and the commission shall consider the Controller's recommendations for each new mandate submitted for inclusion in the State Mandates Apportionment System. All claims included in the State Mandates Apportionment System pursuant to this section are also subject to the audit provisions of Section 17616.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 1989, ch. 589, § 5; Stats. 2004, ch. 890 (A.B. 2856), § 29.)

§ 17615.5. Base year entitlement; adjustment; establishment

(a) If any local agency or school district has an established base year entitlement which does not include costs for a particular mandate, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, adjusted pursuant to Section 17615.3 by changes in the deflator and workload, or entitlement claims covering a minimum of three consecutive years, after which time its base year entitlement may be adjusted by an amount necessary to fund the costs of that mandate.

(b) If any local agency or school district has no base year entitlement, but wishes to begin claiming costs of one or more of the mandates included in the State Mandates Apportionment System, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, or entitlement claims covering the preceding three consecutive years, which shall be adjusted pursuant to Sections 17615.2 and 17615.3 by changes in the deflator and workload, after which time a base year entitlement may be established in an amount necessary to fund the costs of the mandate or mandates.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 1989, ch. 589, § 6.)

§ 17615.6. Subtractions from annual subventions

If a local agency or school district realizes a decrease in the amount of costs incurred because a mandate is discontinued, or made permissive, the Controller shall determine the amount of the entitlement attributable to that mandate by determining the base year amount for that mandate for the local agency or school district plus the annual adjustments. This amount shall be subtracted from the annual subvention which would otherwise have been allocated to the local agency or school district.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

§ 17615.7. Removal of programs from state mandates apportionment system

If a mandated program included in the State Mandates Apportionment System is modified or amended by the Legislature or by executive order, and the modification or amendment significantly affects the costs of the program, as determined by the commission, the program shall be removed from the State Mandate Apportionment System, and the payments reduced accordingly. Local entities or school districts may submit actual costs claims for a period of three years, after which the program may be considered for inclusion in the State Mandates Apportionment System, pursuant to the provisions of Section 17615.4.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

§ 17615.8. Review of apportionment or base year entitlement; records and documentation; adjustments; costs of review

(a) The commission shall establish a procedure for reviewing, upon request, any apportionment or base year entitlement of a local agency or school district.

(b) Local agencies and school districts which request such a review shall maintain and provide those records and documentation as the commission or its designee determines are necessary for the commission or its designee to make the required determinations. With the exception of records required to verify base year entitlements, the records may not be used to adjust current or prior apportionments, but may be used to adjust future apportionments.

(c) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state does not accurately reflect the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission shall direct the Controller to adjust the apportionment accordingly. For the purposes of this section, an apportionment or a base year entitlement does not accurately reflect the costs incurred by a local agency or school district if it falls short of reimbursing, or over reimburses, that local agency's or school district's actual costs by 20 percent or by one thousand dollars (\$1,000), whichever is less.

(d) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state accurately reflects the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission may, in its discretion, direct the Controller to withhold, and, if so directed, the Controller shall withhold the costs of the commission's review from the next apportionment to the local agency or school district, if the commission review was requested by the local agency or school district.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

§ 17615.9. Review of programs funded

The commission shall periodically review programs funded under the State Mandate Apportionments System to evaluate the effectiveness or continued statewide need for each such mandate.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

CODE OF REGULATIONS REFERENCES

Adjustment to apportionment, see 2 Cal. Code of Regs. § 1184.11.

§ 17616. Audits; verification of reimbursed activities

The Controller shall have the authority to do either or both of the following:

(a) Audit the fiscal years comprising the base year entitlement no later than three years after the year in which the base year entitlement is established. The results of such audits shall be used to adjust the base year entitlements and any subsequent apportionments based on that entitlement, in addition to adjusting actual cost payments made for the base years audited.

(b) Verify that any local agency or school district receiving funds pursuant to this article is providing the reimbursed activities.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 2004, ch. 890 (A.B. 2856), § 30.)

§ 17617. Distribution of amounts due; time period

The total amount due to each city, county, city and county, and special district, for which the state has determined that reimbursement is required under paragraph (2) of subdivision (b) of Section 6 of Article XIII B of the California Constitution, shall be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006-07 fiscal year and concluding with the Budget Act for the 2020 -21 fiscal year.

(Added by Stats. 2004, ch. 211 (S.B. 1096), § 8.5, eff. Aug. 5, 2004. Amended by Stats. 2005, ch. 72 (AB 138), eff. Jul. 19, 2005.)

(For legislative intent, findings and declarations, reimbursement relative to State Mandates claims, and urgency effective provisions relating to Stats. 2004, ch. 211 (S.B. 1096), see Historical and Statutory Notes under Government Code § 6585 in West's California Codes.)

CHAPTER 5. CLAIMS FOR OFFSETTING LOCAL SAVINGS AGAINST STATE REIMBURSEMENTS [REPEALED]

§§ 17620 to 17626 Repealed by Stats. 1993, ch. 216 (A.B. 843) § 2.

CHAPTER 6. OPERATIVE DATE

§ 17630. Applicability of part; time of submission of claims; transfer of claims to commission

Except for Article 5, the provisions of this part shall be applicable to claims for state reimbursement of costs mandated by the state on and after January 1, 1985. All claims for state reimbursement filed under Article 1 (commencing with Section 2201), Article 2 (commencing with Section 2227), and Article 3 (commencing with Section 2240) of Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code that have not been included in a local government claims bill pursuant to Section 2255 of the Revenue and Taxation Code enacted before January 1, 1985, shall be transferred to and considered by the commission pursuant to the provisions of this part.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 1534, § 5, eff. Oct. 2, 1985; Stats. 2004, ch. 890 (A.B. 2856), § 31.)

STATUTORY HISTORICAL NOTES

For Government Code Section 17500 et seq.:

(For Governor's signing message regarding Stats. 2002, ch. 1124 (A.B. 3000), see Historical and Statutory Notes under Bus. & Prof. Code, § 7342, in West's California Codes.)

(For Governor's signing message regarding Stats. 2004, ch. 890 (A.B. 2856), see Historical and Statutory Notes under Educ. Code, § 44763, in West's California Codes.)